

## **FIRM BROCHURE**

# **Remco Asset Management Inc.**

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This brochure provides information about the qualifications and business practices of Remco Asset Management Inc. If you have any questions about the contents of this brochure, please contact us at 631-963-5708 and/or by email at [redicanjk@remcoassetmgmt.com](mailto:redicanjk@remcoassetmgmt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Remco Asset Management Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Being a SEC registered investment adviser in and of it self does not imply a certain level of skill or training.

## **MATERIAL CHANGES**

The following are the material changes from our last annual update on March 31, 2010. We changed our business address from 201 Old Country Road, Suite 206, Melville, NY, 11747 to 201 Old Country Road, Suite 204, Melville, NY, 11747. Also the key contact phone number has changed from (631) 944-6351 to 631-963-5708 and our fax number has changed from 631-944-6310 to (631) 271-1805.

July 22, 2011

## **TABLE OF CONTENTS**

1. Advisory Business
2. Fees and Compensation
3. Performance-Based Fees and Side-by-Side Management: Here we disclose any performance-based fees and if they cause a conflict of interest.
4. Types of Clients
5. Methods of Analysis, Investment Strategies and Risk of Loss
6. Disciplinary Information
7. Other Financial Industry Activities and Affiliations
8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
9. Brokerage Practices
10. Review of Accounts
11. Client Referrals and Other Compensation
12. Custody
13. Investment Discretion
14. Voting Client Securities
15. Financial Information

## **ADVISORY BUSINESS**

Remco Asset Management, Inc. (Remco) is an SEC registered investment advisor, which provides investment supervisory services to individual and institutional clients. Services are generally provided on a discretionary basis, but may be provided on a non-discretionary basis. In managing such accounts, Remco thoroughly reviews investment objectives with each client. Remco's principal owners, John R. Redican and John K. Redican, formed Remco in 2003. John R. Redican is Remco's Chairman and CEO, and John K. Redican is a Managing Director.

Remco's investment goal is to prudently maximize after-inflation total return of the buying power of our clients' financial assets as well as the flow of income from these assets. We know each client has specific needs regarding income, tax position, balance, diversification, price volatility, etc.; these requirements are thoroughly analyzed with the client before investment.

Depending on the risk tolerance / return potential of our clients we will add or remove some of the growth segment of the portfolio to meet those needs. Although we do not have any restrictions on the types of companies in which we invest, we will try to honor clients' wishes if they have social or personal restrictions.

To best clarify goals and track investment performance, the client and we seek to agree on a benchmark against which to measure performance over suitable periods. While each client's portfolio will be individually constructed, generally it will be classified as one of the following:

### ***Balanced Portfolio***

These portfolios are invested in a combination of stocks and fixed income securities. The relative proportions invested in securities are varied as the investment climate and client situation dictate. This structure would fit most investors who do not need the "most cautious" posture and for whom an "aggressive" stance is not appropriate. We often find that fixed-income securities convertible into common stock offer under-appreciated, attractive opportunities for long-term appreciation combined with below-average downside price volatility.

### ***Fixed Income Portfolio***

Fixed income portfolios consist of Government securities, corporate bonds, and/or cash equivalent investments. In specific cases, investment-grade municipal bonds might be used to meet after-tax income requirements. With approval, some convertible bonds and preferreds may be used. Clients for whom this strategy may be suitable are those with relatively fixed future liabilities or those who do not need to hedge against future inflation with this portion of their assets. The investment objective here is to generate a stable income flow while emphasizing the preservation of principal. Accounts are fully

managed, and credits and maturities are varied depending on the outlook for interest rates and the risk tolerance of the client.

### ***Growth and Aggressive Equity Portfolios***

Cash reserves are varied according to nature of the account and/or expected market conditions. Emphasis is placed on stocks of companies that demonstrate superior prospects, value, products, or management. This is ideal for investors interested in long-term portfolio growth and higher total return. Common stock and convertible securities of somewhat smaller companies and, to a limited extent, foreign securities, warrants, commercial paper, CDs, and options, as well as mutual funds and electronically traded funds (ETFs). may be included from time to time, consistent with portfolio requirements and market opportunities.

As of March 15, 2011, Remco has \$27.4 million of client assets under management. 100% of our clients accounts are managed on a discretionary basis.

## **FEES AND COMPENSATION**

The Investment Advisory Fees represent annualized rates; calculated on a quarterly basis. Fees may be directly debited from the account or billed to the client. Depending on the size of the relationship our fees can be negotiated. Our standard fee schedule is as follows:

### **Equity And Balanced Portfolios**

1.50% First \$500,000.00

1.25% \$500,001 - \$1,000,000

1.00% on Balance

### **Fixed Income Portfolios**

0.60%

Fees may be adjusted above or below this range at the discretion of Remco. Clients who had account relationships with John R. Redican, Charles Kulp or John Kyle Redican before May 15, 2001 have lower advisory fees.

Remco normally calculates asset-based fees quarterly in advance, at one-fourth the applicable annual rate(s), based upon the market value of an account on the first business

day of the billing quarter. Remco may, however, negotiate other arrangements with clients. A client may terminate an investment advisory contract without penalty upon 30 days advance written notice. Where an account has not been open for a full quarter, Remco prorates the fee to reflect only that portion of the quarter during which the advisory contract was in effect. If an account is closed before the end of a quarter Remco will reimburse the client for the unearned portion of the fees paid in advance.

In addition to Remco's advisory fees, clients may be subject to other fees including custodian fees, mutual fund fees (including those charged by money market funds in connection with cash positions held in client accounts) and commission and other transaction charges. Please see Brokerage Practices, below, for further information regarding brokerage commissions and other transaction charges.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither Remco nor any of its supervised persons currently accepts performance-based fees (i.e., fees based on a share of capital gains or capital appreciation on the investments in a client account).

## **TYPES OF CLIENTS**

Remco provides investment advice to individuals, trusts and institutions. Remco currently imposes a minimum initial asset value requirement of \$100,000 on managed accounts, which minimum may be waived under certain circumstances.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Remco's sole focus is to provide solidly reliable investment counseling for institutional and private portfolios. Our staff consists of a knowledgeable team of professional managers. It carries a tradition of providing a sound, incisive, and professional advisory service. We pay particular attention to risk-adjusted return strategies. This is more important than ever in today's investment environment where global movements in stocks, bonds, and currencies are rapid and unpredictable.

With substantial assets under fee management for clients, we offer experienced and comprehensive investment and administrative services to institutional, individual, and corporate investors. Remco's investment approaches are based upon fundamental research and are designed to produce significant capital appreciation over the long term (at least a 3 year period).

Remco employs a bottom-up fundamental method of securities analysis and may use a variety of resources or services to form an investment idea or strategy, including, for example, financial publications, company press releases and corporate filings with the

SEC. Remco occasionally conducts examinations of the companies that are being considered for investment and continuing research for existing holdings. In addition to the sources of information described, Remco may occasionally meet with the management of a company that is being considered as an investment (or may already be owned) to assess management's ability to operate the business. Remco may also meet with third party sources (customers, suppliers, competitors etc.) to test the reliability of the information received from the company's management.

### ***Our Low-Downside-Volatility, Total Return Strategy***

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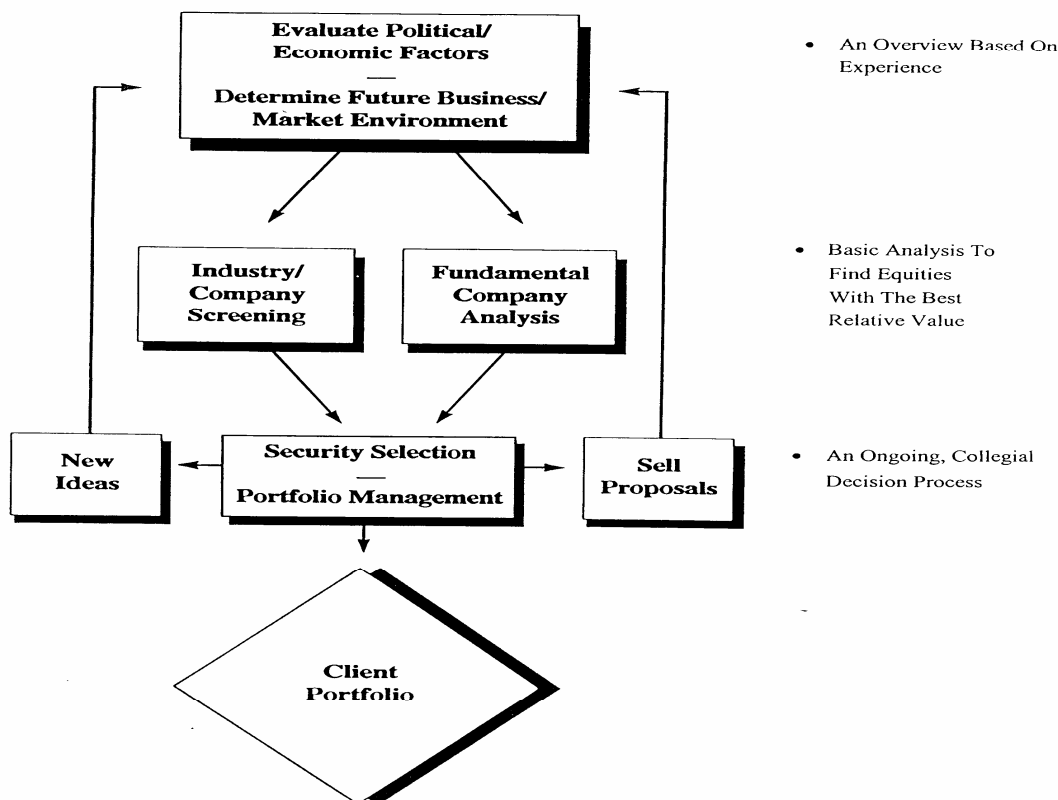
Our low-downside-volatility value with growth, total return strategy is a fully managed, balanced and diversified strategy that seeks an above-average total return over a full market cycle along with below-average price volatility in weak markets. Because of their poor historical risk/reward potential, use of medium and longer-term straight bonds are relatively restricted except when it is timely to lock in cyclically high yields. Our strategy has a balanced approach that stresses 15-35% relatively high yield and total payout equities and inflation-indexed treasury securities (TIPS). We diversify within this strategy from four categories of undervalued and fairly valued common stocks in the stable growth, cyclical growth, cyclical and energy sectors. These diversification categories include: 1) traditional *undervalued assets* companies, 2) *restructuring candidates*, 3) *market recovery* candidates, and 4) growth situations at *reasonable prices*.

Each category may vary between 0% and 50% of assets. Emphasis ranges from large to small-cap stocks depending on market conditions. We strive to purchase stocks with above-average *Value*, which we define as *positive Alpha and a low downside Beta*. Our goal is a relatively high satisfaction and comfort level for our clients under all market conditions.

This total-return strategy is designed to reduce market risk exposure and prolonged, embarrassing downside variance from the S&P 500. Historically, this has been done with a low average annual turnover rate. Risk-reward factors may be varied according to individual account considerations.

**REMCO ASSET MANAGEMENT, INC.**  
**VALUE WITH GROWTH STRATEGY**

A Top-Down Decision Process Which Allows For Bottom-Up Ideas



### ***Security Selection***

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Our approach to the allocation of assets and selection of both equity and fixed income securities is based on fundamental research, including a thorough analysis of political, economic, and business cycles.

In the equity area, we have developed several sound styles of investing which have proven to be quite successful. We place major emphasis on long-term economic trends, industry cycles, and on a company's basic strength, including its balance sheet, record, return of capital, and management. We stress control of downside volatility through diversification.

We especially seek companies we expect to show significant increase in earning power which are not yet reflected in their stock prices. If our evaluation is correct, the relative price-earnings ratio of such investments should also rise, permitting substantial capital appreciation. While our overall focus is long-term, we maintain flexibility in each

situation. We do not hesitate to switch out of a position because of significant cyclical factors or because it appears overvalued.

We have found particular success in working with:

- Recognized growth companies temporarily or cyclically undervalued
- Well-managed aggressive companies in industries which are consolidating and where prospects are improving significantly
- Mid and smaller-cap companies where the potential is not yet fully recognized by the investment community
- Higher total-return, full-payout equities such as sound equity REITS, and international closed-end trusts offering high marketability plus valuable diversification characteristics if they sell discounts from net asset value
- Attractively valued convertible securities of all the above types of companies

In the fixed income area, we frequently invest in U.S. Government bonds due to their safety and marketability. However, we also use corporate and municipal bonds. We shorten or lengthen maturities and adjust credits depending on the outlook for inflation and interest rates.

As with any investment strategy, there are risks associated with Remco's investment approaches. In making investment decisions, Remco may rely upon its own or another analyst's projections concerning an investment's future performance. Such projections are inherently subject to significant uncertainty. All investments are subject to all the risks generally incident to the ownership of publicly traded securities. Such investments may be adversely affected by general economic conditions, general securities markets conditions, interest rates, including Federal Reserve Board decisions, governmental rules and fiscal policies and other factors beyond Remco's control. Certain investments may be sensitive to general downward swings in the overall economy or in a particular industrial or economic sector. There are also the risks of unforeseeable events such as domestic and international political events and natural disasters that may cause sharp market fluctuations. Trading risks include temporary liquidity problems that may occur due to a small "float," low average trading volume, legal or other restrictions on transfer or other possible factors which could prevent Remco from liquidating or covering client positions and could subject clients to losses. There are no assurances that these investment strategies will not produce losses.

Remco's Equity Portfolio strategy is primarily invested in common stocks, other investments such as limited partnerships and mutual funds may be included as well. These investments have the risks associated with equity securities.



Remco's Fixed Income Portfolio strategy is invested in investment grade corporate, and government bonds. The main risks contained in this strategy are reinvestment risk and credit quality downgrade risk / default risk.

Remco's Balanced Portfolio strategy contains the risks of the other two strategies in proportion to the equity / fixed income proportion in the portfolio.

### **DISCIPLINARY INFORMATION**

Neither Remco nor any of its management persons has ever been subject to any criminal or civil action, any proceeding before a regulatory agency or self-regulatory organization or any other legal or disciplinary event.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Remco nor any of its management persons has any interests in or arrangements material to its business with any other investment advisory firm, or any broker-dealer, bank, futures commission merchant, accounting or law firm or other investment industry participant.

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Officers, employees and other related persons of Remco may buy, sell or otherwise invest in securities that Remco also recommends to clients. Each such related person transaction is separately identified and made strictly in accordance with Remco's Code of Ethics. Remco's Code of Ethics is also intended to ensure that Remco conducts its business with the highest level of ethical standards and in keeping with its fiduciary duties to its clients. Remco's Code of Ethics prohibits late trading when purchasing or redeeming mutual fund shares so as not to create an unfair advantage for certain investors at the expense of other shareholders. Remco will always place the interests of its clients first and refrain from having outside interests that conflict with the interests of its clients or that might adversely affect its duty of loyalty to its clients. This means that Remco recognizes an affirmative duty of utmost good faith to act solely in the best interest of its clients, and, among other things, to disclose any potential or actual conflicts of interest with clients, to treat all client records and financial information with strict confidentiality (Remco has adopted a separate Privacy Policy designed to protect client nonpublic personal information), to avoid any fraudulent or deceitful conduct with clients or potential clients (such as misrepresentation or nondisclosure of fees), and to ensure that investment advice is suitable to meeting the client's individual objectives, needs, and circumstances.

In order to avoid/disclose conflicts of interest, Remco's investment advisory representatives and solicitors have a duty to report potential and actual conflicts of

interest to Remco and are prohibited from recommending any client transaction in securities without having disclosed Remco's or any affiliate of Remco's interest, if any, in such securities or the issuer thereof. Gifts (other than de minimis gifts - generally having a value under \$100.00) from persons or entities doing business with Remco may not be accepted. In all cases, Remco's chief compliance officer will resolve any potential or actual conflict of interest by exercising the good faith and judgment required of a fiduciary.

Remco has also adopted a Personal Trading Policy to govern the personal securities trades of its employees. For example, no employee may unlawfully trade, either personally or on behalf of others (such as the accounts managed by Remco), while aware of material, nonpublic information that relates to any security; nor may any employee communicate such information to others in violation of the law. Also, before an employee may place an order for a trade for an account held by the employee, a member of the employee's immediate family or by someone else for the employee's direct or indirect benefit (an "Affiliated Account"), the employee must obtain the approval of Remco's chief compliance officer. No securities transaction for an employee's Affiliated Account will be approved if it appears that the basis for the decision is the activity of a client of Remco, the concurrent dissemination of significant Remco research which is likely to have an impact on the price of the security at the time of the proposed transaction, or a conflict with Remco research or trading activity. Employee securities transactions will also not be approved if they will adversely affect client's transactions. Affiliated Accounts may not purchase or sell any security within seven (7) days before the time that the same security or related security is being purchased or sold by any client or, if the security or related security is the subject of a buy or sell recommendation to any client, until such time as all of Remco's clients have completed their purchases or sales based upon such recommendation. In addition, no Employee may purchase any security in an initial public offering or in a private placement unless and until Remco has determined that the purchase of such security is not recommended for any client (or if such security is being recommended to one or more clients, that the purchase of additional quantities of such securities by clients is not recommended). Remco must receive copies of all Affiliated Account trade tickets and statements.

Notwithstanding any prior receipt of approval of a transaction, Remco's chief compliance officer will review all Affiliated Account transactions and reserves the right to cancel any transaction upon review. If an Affiliated Account transaction is cancelled in order to avoid an impropriety, any profits gained or losses avoided may be forfeited. A copy of Remco's Code of Ethics will be provided to clients or prospective clients by Remco's chief compliance officer upon request.

## **BROKERAGE PRACTICES**

Remco's authority to exercise brokerage discretion is dependent upon the nature of the authority granted it by each individual client. In most cases, Remco will have complete

discretion over the selection of the broker to be used and the commission rates to be paid. However, clients may direct Remco to execute their brokerage transactions through a broker-dealer of their choice. Clients who retain the right to direct brokerage transactions are advised that by retaining such right to direct, they may forego certain benefits that Remco may be able to obtain for its other advisory clients by aggregating purchase or sale orders, such as the ability to negotiate lower commission rates and enjoy better trading execution. Further, when retaining such right, the client is advised that it is responsible for negotiating the brokerage commissions paid and that the client may receive less favorable prices. In the past certain Clients have made arrangements with their broker-dealers under which the Clients pay a separate fee to the broker-dealer but are not charged commissions on trades.

To the extent that clients grant Remco discretion to place orders for the execution of portfolio transactions, transactions are allocated to brokers and dealers for execution at prices and commission rates that, in the good faith business judgment of Remco, are in the best interests of the client. The primary objective in the placement of securities transactions with specific brokers is to obtain the best execution possible. Unless otherwise directed, Remco expects to direct most of its trades through Waterview Business Partners LLC. For Remco clients, Waterview's commission schedule is as follows:

No. of Shares	Commission Per Share (Per Client)
1-499	See minimum commission below
500-2,999	\$0.12
3,000-9,999	\$0.09
10,000+	\$0.06

The minimum commission is \$55 but not in excess of 3.5% of the cost of a purchase or of the proceeds of a sale.

Although every effort is made to negotiate the best commission, Remco does not ordinarily seek to negotiate "execution only" commission rates; thus lower commission rates are in most instances available from other brokers. Relevant factors that are considered in negotiating commission rates include, but are not limited to, the broker's execution capabilities, reliability and financial responsibility, custodial services, research, and other services provided, including Remco's office space and general administrative services, all of which both directly benefit client portfolios and enhance Remco's general portfolio management capabilities. Accordingly, if Remco determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value to the advisory accounts of the brokerage and products or services provided by such broker, the advisory accounts may pay a higher commission than another broker may charge.

Certain of Remco's arrangements with brokers may fall outside the safe harbor parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended, which authorizes the use of brokerage commissions for "soft dollar" payments in certain circumstances. Remco's brokerage criteria permit the use of certain "soft dollar"

payments that fall outside the safe harbor of Section 28(e), provided that advisory accounts do not pay brokerage commissions or charges higher than those competitively available from comparable brokerage firms for comparable services, taking into account all of the relevant factors. In effecting transactions, Remco may select brokers and dealers who, in recognition of commissions received on transactions for a client's account and other accounts managed by Remco, are willing to provide Remco brokerage, research and other services such as trading and market information and trading facilitation software which are expected to enhance the general portfolio management capabilities of Remco, even though a client's account may not, in any particular instance, be the direct or indirect beneficiary of the research or other service provided.

In addition, Remco may direct commissions to certain brokers and dealers who may furnish other products and services to Remco, including but not limited to, office rent, telephone and internet service, news and quotation equipment, electronic office equipment, account record keeping and billing software, records retention and clerical services, publications, economic consulting services, and portfolio management software and support. Remco's only current soft dollar arrangement is with Waterview Business Partners LLC which provides Remco with the use of office space, telephone and internet service, and news, quotation and other electronic office equipment at Waterview's office in Melville, NY, and for postage and courier service, administrative assistance, and other general and administrative matters. Research and other products and services furnished by brokers through whom Remco effects securities transactions may be used in servicing all of Remco's accounts and not all of such services may necessarily be used by Remco in connection with the accounts which paid commissions to the broker providing the service. Remco does not attempt to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Remco's right to use "soft dollar" payments may also give rise to certain conflicts of interest. For example, Remco may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients' interest in receiving most favorable execution. With respect to these and other possible conflicts of interest, however, Remco and its related persons intend to perform their duties at all times in a manner which they consider to be in the best interests of its clients.

Remco periodically assesses whether the value of the services it receives from Waterview equals or exceeds the soft dollar cost allocated to Remco's clients. Remco is not committed to maintaining this arrangement or its relationship with Waterview, although in the absence of such an arrangement, either with Waterview or another brokerage firm, Remco would be compelled to increase its advisory fees.

Subject to its obligation to obtain "best execution," Remco may execute trades on behalf of advisory accounts through other broker-dealers, including broker-dealers who refer clients to Remco. In certain of such instances, the broker and the client will negotiate commission rates. Though Remco currently does not have any clients which were

referred to us from a broker-dealer who we have selected to execute trades for our clients, the possibility exists that they may do so in the future. This practice may provide an incentive for Remco to select or recommend a broker-dealer based on its interest in receiving client referrals, rather than on its clients' interest in receiving most favorable execution.

In allocating investment and trading opportunities among the accounts managed by Remco, Remco evaluates opportunities based on client investment objectives and restrictions, and the suitability of a particular investment for each account. To the extent permitted by law, clients authorize Remco from time to time to bunch or aggregate any of its brokerage orders with orders of its other clients. In such event, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, shall be made in a manner which Remco considers to be the most equitable. In instances where less than 25% of Remco's original order is filled, Remco may determine to allocate the entire order to only one account. Variations from this approach are permitted in certain circumstances. Remco's allocation policy is intended to insure equitable allocations on partially filled orders and that all clients receive fair and equitable treatment.

## **REVIEW OF ACCOUNTS**

We have developed an operating approach that we believe will best result in satisfying the needs and objectives of our clients. This includes:

### ***Integration of Research and Portfolio Management***

Remco finds that superior investment results are achieved when the portfolio manager is a part of the research process. Consequently, all investments are extensively analyzed and are closely followed by at least one of our portfolio managers.

### ***Investment Strategy Committee***

Our portfolio managers and the "Investment Strategy Committee" discuss the economic and investment outlook, purchase and sale recommendations, and other pertinent topics. They communicate daily to exchange research information so that client decisions are always based on up-to-the-minute information.

### ***Continuity of Relationship***

Every portfolio is personally managed by one of our portfolio managers. A continuing and long-lasting dialogue usually occurs between the clients and the manager, and each portfolio is tailored to the specific objectives of the client. Each portfolio manager has a designated back-up manager who is fully informed on account strategy and status. We provide quarterly written correspondence, which include portfolio appraisals. In addition we are always available to our clients to address any questions, concerns or changes in

their investment needs and goals. We have discussions with most of our clients in person or by phone multiple times through out the year.

At least once a week, accounts are reviewed by one or more portfolio managers, such reviews generally covering the following: (a) the securities in such accounts; (b) adherence by personnel to guidelines established by the client; and (c) the availability of cash for investment. In addition, interest rate movements and perceived economic trends may necessitate review of other matters.

Each client receives a quarterly portfolio valuation showing the securities held by the client at cost and at current market value. On quarterly billing invoices, Remco offers clients a current copy of this Brochure. So that the client will be able to recognize that the billing authority is supervised and nondiscretionary, the custodian receives copies of such invoices as well. The executing broker sends each client a standard confirmation for every trade. In addition, each client receives a standard monthly statement of account.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

To the extent permitted under applicable law, Remco may enter into written arrangements with both individuals and entities who act as solicitors for its investment management business. These agreements, in compliance with Federal and applicable state regulations, provide for cash compensation to solicitors who refer clients to Remco. Each client is given a copy of the disclosure statement and is required to acknowledge receipt thereof prior to or at the time of entering into any advisory contract. Both Remco and the solicitors must adhere strictly to all necessary disclosure and other requirements specified by regulation. In the event of a referral, the solicitor is directly compensated by Remco based on a formula that is individually negotiated and disclosed in the specific solicitation agreement and in the solicitor's disclosure statement. Clients bear none of the cost of such solicitation fees. As noted above, to the extent that a solicitor is a qualified broker-dealer and subject to Remco's "best execution" requirements, such solicitor may execute brokerage transactions for the referred client in lieu of, or in addition to, a referral fee.

## **CUSTODY**

Remco is deemed to have "limited" custody over the accounts of those clients with respect to which it has the ability to deduct advisory fees from their accounts. However, Remco does not in any other way have custody of any client's assets; an independent qualified custodian provides custodial services in all cases. Each client's custodian sends out monthly statements where there is any activity in an account and no less frequently than quarterly a statement for inactive accounts. Remco provides quarterly statements separately. Client should always compare Remco's statements with those they receive from their custodians.

## **INVESTMENT DISCRETION**

Currently 100% of Remco's clients are discretionary. Remco's clients typically do not place any limitations to our discretion to purchase or sell securities in the portfolio. On occasion clients request that we do not invest in certain types of companies. Examples of client restrictions have been not to invest in nuclear power plant related utilities or in human genome cloning technologies. Our standard investment advisory agreement gives us full discretion in regards to the purchase and sale of securities in the portfolio.

Remco meets with prospective clients reviewing their overall financial picture. This review includes but is not limited to: client net worth, short term and long term financial needs, risk tolerance and account return goals. Each client has a unique set of needs and goals which Remco reviews with the client before the client completes the documentation necessary to open an advisory account with Remco. Following the completion of the necessary documentation, Remco will commence discretionary management of the client's account(s).

## **VOTING CLIENT SECURITIES**

Remco will not vote any proxies on behalf of any client unless requested in writing to do so by the client. Currently Remco does not have any clients for whom it votes proxies.

For clients that have requested that Remco vote proxies on their behalf, Remco has voting guidelines. Remco will usually vote with management on routine proposals such as approval of auditors and election of directors and vote against management on corporate governance proposals such as poison pills and golden parachutes. Remco will review, on a case by case basis, non-routine proposals that may affect the structure and operations of a corporation (such as mergers, acquisitions, stock option and other compensation plans) and all proposals submitted by shareholders. Proxy voting will be determined by John Kyle Redican.

Clients who do not request that Remco vote proxies on their behalf will receive their proxies or other solicitations directly from their custodians. If a client has any questions about a particular solicitation he or she can contact John K. Redican at 631- 963- 5708 or via email at [redicanjk@remcoassetmgmt.com](mailto:redicanjk@remcoassetmgmt.com).

If Remco becomes aware of any material conflict of interest between a client and Remco that might be affected by Remco's voting of proxies, Remco will send the client a "Conflict Notice." The Conflict Notice shall contain, among other things, (i) a description of the conflict of interest, (ii) a statement about how Remco proposes to vote; and (iii) an indication that the client may withdraw the client's consent to permitting Remco to vote as Remco has indicated.

Remco will maintain records of its proxy voting activities, including copies of each Conflict Notice and records of each vote cast by Remco on a client's behalf. If any client wishes to obtain a complete copy of Remco's voting policies and procedures or information about how Remco voted with respect to any of a client's securities, contact John Kyle Redican at Remco Asset Management, Inc., 201 Old Country Road - Suite 204, Melville, New York 11747, or call at (631) 963-5708.

## **FINANCIAL INFORMATION**

Remco does not require prepayment of more than \$1,200 in fees per client six months or more in advance and is unaware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.